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Prospects for Foreign Trade in

**OILSEEDS,
OILSEED PRODUCTS
and MARINE OILS**

Foreign Agricultural Service
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PROSPECTS FOR FOREIGN TRADE IN OILSEEDS, OILSEED PRODUCTS AND MARINE OILS

SUMMARY

World trade in vegetable and marine oils is expected to establish a new record in 1964. Larger U. S. exports will account for most of the increase and, as in recent years, will represent about one-fourth of the world's trade in these commodities. Of total vegetable oil trade, increased exports of edible and industrial oils will more than offset a probable decline in the palm oils.

Availabilities from the major foreign suppliers of competing vegetable oils indicate only moderate increases are to be expected in the supplies of edible oils, including peanut oil from Senegal and Argentina, soybean oil from Mainland China. A record outturn of olive oil is expected in the Mediterranean Basin; however, increased trade will be confined mostly within this area. No significant change in rapeseed, cottonseed, and sesameseed supplies are indicated, while those of sunflowerseed are expected to be lower because of the reported decline in the USSR and Eastern Europe's crops in 1963.

A probable decline in copra and coconut oil availabilities in the Philippines and Indonesia is likely to result in smaller world supplies of palm oils in 1964, although supplies of palm kernels will probably rise somewhat as will those of palm oil. Linseed oil supplies from Canada are expected to be larger. Fish oil availabilities from foreign sources are expected to increase moderately and outweigh the anticipated decline in whale oil supplies.

Prospects are that Western Europe will import more vegetable oil in 1964, because of a lower rapeseed outturn in 1963 and reduced vegetable oil stocks at the start of this year. An anticipated record olive oil production in the Mediterranean Basin will curtail imports of other vegetable oils by this area. A marked increase in intra-Basin olive oil trade will take place this year.

U. S. oilseed and oilseed product exports are expected to reach a record level of over \$900 million in the marketing year ending September 1964, compared with the previous year's export value of nearly \$820 million. Dollar sales of oilseeds and products ranked first among U. S. agricultural exports. These record exports were largely dollar sales of soybeans and soybean meal, supported by a growing foreign demand for high-protein feeds for poultry and other livestock. Increased consumption of livestock products in Western Europe, Japan, Canada and other areas caused by rising consumer incomes have been accompanied by increased demand for high protein feeds.

U. S. exports of soybeans are expected to approximate 190 million bushels in 1963-64, somewhat above the previous year's record level of 180 million bushels; oil meal exports are expected to exceed last year's record level of nearly 1.6 million short tons; and vegetable oil exports of 1.8 billion pounds in the current year would establish a new record, substantially above the nearly 1.6 billion pounds exported in 1962-63.

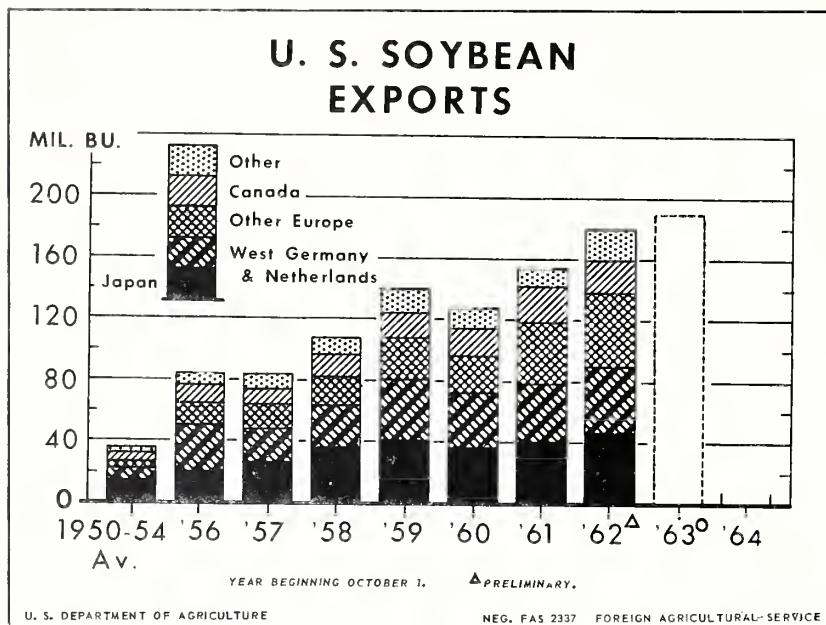


Table 1.—VEGETABLE OILS AND OILSEEDS (oil equivalent) AND MARINE OILS:
World indigenous exports by type, average 1955-59, annual
1958-63 and forecast 1964

Item	Average 1955-59	1958	1959	1960	1961	1962	1963 1/	Fore- cast 1964
	1, 000 short tons							
Edible vegetable oils 2/	2, 633	2, 645	3, 129	3, 150	2, 844	3, 643	3, 522	3, 880
Palm oils 3/	2, 422	2, 342	2, 207	2, 395	2, 493	2, 330	2, 410	2, 410
Industrial oils 4/	729	686	745	711	739	742	683	752
Marine oils 5/	687	701	722	781	836	903	801	810
World total	6, 471	6, 374	6, 803	7, 037	6, 912	7, 618	7, 416	7, 852
U. S. exports 6/	1, 266	1, 086	1, 575	1, 736	1, 411	1, 905	1, 853	2, 178
U. S. as a percentage of world	20	17	23	25	20	25	25	28

1/ Party estimated. 2/ Olive oil and the following oils and oil content of oilseeds: cottonseed, peanut, soybean, sunflower, rapeseed, and sesame. 3/ Coconut, palm kernel, palm, and babassu. 4/ Flaxseed and castorbeans and their oils, tung, oiticica, and perilla oils. 5/ Whale, sperm whale, fish, and fish liver oils. 6/ U. S. exports include only the fats and oils included in Table 2.

U. S. vegetable oil export sales for dollars will approximate about 40 percent of the total, and those made under government programs the remaining 60 percent. Unlike the parent material—soybeans—and soybean meal, the United States has an excess supply of soybean oil and the U. S. Government and soybean industry have intensified their combined efforts to expand foreign markets for soybean oil. Market development programs will continue in both dollar markets and developing "government program" countries in 1964.

European Economic Community (EEC) developments in late 1963 indicate a Common Agricultural Policy for fats and oils will not be linked with butter. The current plans call for an internal market levy on vegetable and marine oils, including domestic and imported oil, to support domestic oilseed producers. In addition to support payments, Italian olive growers will be assisted by a domestic intervention price, and by a threshold price and levies on olive oil imports. EEC imports of oilseeds and oilseed meals are bound duty free, while the import duty on crude oil is 10 percent and on refined oil 15 percent. Acceptance of a fats and oils policy by the EEC is now expected by November 1964. The Associated Overseas Countries are also expected to ratify early this year the convention that will determine their aid and trade policies with the EEC.

Table 2.—VEGETABLE OILS AND OILSEEDS (oil equivalent) AND MARINE OILS:
U. S. exports 1/, average 1955-59, annual 1958-63
and forecast 1964

Commodity	Average 1955-59	1958	1959	1960	1961	1962	1963 <u>2/</u>	Forecast 1964
	1,000 short tons							
Edible vegetable oils:								
Cottonseed	233	81	260	227	198	222	176	252
Peanut	12	8	19	16	18	5	4	5
Soybean	801	899	1,118	1,342	1,067	1,567	1,512	1,750
Total	1,046	988	1,397	1,585	1,283	1,794	1,692	2,007
Industrial oils:								
Linseed	113	51	94	70	56	42	40	90
Tung	3	(3/)	12	11	10	6	1	1
Total	116	51	106	81	66	48	41	91
Marine oils:								
	64	47	72	72	62	63	120	80
Grand total . . .	1,226	1,086	1,575	1,736	1,411	1,905	1,853	2,178

1/ Excluding re-exports and exports of oil produced from imported raw material.

2/ Preliminary.

3/ Less than 500 tons.

CURRENT WORLD SITUATION

Edible Vegetable Oils

World availabilities of cottonseed and cottonseed oil for export in 1964 are forecast at 70,000 tons, oil basis, above actual exports in 1963. Virtually all of the gain will be in exports from the United States, where production in 1963 rose from a year earlier.

Exports from the Sudan, the world's major exporter of seed as such, probably will show a further decline from the reduced level of 1963 since production was down the last 2 years from the record level of 1961. The smaller outturn of cottonseed in Nigeria in 1963 may be reflected in slightly reduced seed exports in 1964. However, Nicaragua may be expected to ship more seed abroad if present prospects, of expanded production from the coming harvest, materialize.

Indications are that peanuts and peanut oil availabilities for export in 1964 will be about 35,000 tons, oil basis, above estimated exports of 1963. Exportable supplies in Nigeria may be slightly less than the large volume exported in 1963. Commercial purchases for export and crushing, from the current crop, are expected to be almost 60,000 tons shelled basis (26,000 tons oil basis), less than the record purchases from the previous year's crop. While carryin on November 1, 1963 (date of latest information available), was expected to have been substantial because of insufficient transport facilities to move the large 1962 crop to port, a sizeable movement during November and December would have reduced old crop stocks considerably. On this assumption, Nigerian peanut exports in 1964 may be 10,000 to 20,000 tons oil equivalent, less than exports in 1963.

Producer prices at Kano for 1963-64 crop peanuts remain the same as for the 1962-63 crop—about \$76 per ton. This price reflects the price for peanuts delivered to port as set by the Marketing Board, less transport cost and producer sales tax.

According to a trade agreement signed last summer, the USSR will purchase Nigerian peanuts and peanut oil as well as sesame, copra, palm oil, and other oil-seeds.

Senegal's 1963-64 peanut crop is now believed to have been considerably larger than expected earlier. Commercial production for export and crushing may reach 915,000 tons, unshelled, compared with 836,000 tons from the previous year's crop. Exports in 1964 may, therefore, exceed those of last year (1963) by 20,000 to 25,000 tons, oil basis. France has agreed to take 237,000-248,000 metric tons, oil equivalent, as nuts and/or oil at a subsidized price of 1.05 NF per kilo (9.7 cents per pound) of shelled nuts c.i.f. French port—the same quantity and price as last year. This price is well above current world market prices. Beginning with the 1964-65 crop, French commitments will be transferred to the European Development Fund. There are indications that Senegalese peanuts may be exported to the Soviet Bloc in 1964.

Barring inclement weather, Argentina's 1964 peanut crop should exceed the sharply reduced outturn of 1963 and provide an increased volume of oil for export in

the last half of 1964 and in the first half of 1965. Exports in calendar 1963 were estimated to have been almost 65,000 tons oil basis less than the record exports of 1962.

India exported about 85,000 tons of peanut oil in 1963—more than double the quantity of the previous year. Additional export incentives were provided last year, as Indian oilseed and oil prices were well above the world market. Peanut oil exports from India may increase further in 1964, although domestic production of peanuts varies only slightly from year to year.

Exports of soybeans and soybean oil in 1964, which account for one-half of the world's trade in edible oils, will increase an estimated 200,000 tons, oil basis, from the record shipments of 1963. Over 90 percent of the expansion reflects the expected gain in U. S. bean and oil exports.

Soybean movement from Mainland China will probably be up slightly in 1964. That country's commitments to Japan in the second year of the 5-year trade agreement call for exports of 9.2 million bushels. An estimated additional 1.8 million outside the agreement may move to that country, making a total of 11 million bushels, or 2.9 million more than in 1963. Japanese trading firms have become active in purchasing Chinese soybeans of late, mainly because of the recent improved quality—greater oil content and cleaner beans—and lower prices compared with U. S. beans. The c. and f. price of beans purchased from the Canton Fair will be approximately \$117 per metric ton, or about \$3 per ton less than U. S. beans. Lower prices for Chinese beans reportedly are caused by the lower oil content and lower freight rates.

Shipments of Chinese soybeans to Europe through the Suez Canal may not vary greatly from the 5-million-bushel movement of 1963, in view of the general diversion of soybean trade from Europe to Japan. And bean exports to the USSR are expected, as in the last 3 years, to be negligible.

Little, if any, change is foreseen in soybean and/or oil shipments from other producing countries abroad, except for Brazil, whose exports may be up about a million bushels.

In 1964 exports of sunflowerseed and oil are expected to decline from the high level of 1963, reflecting reduced production last year, particularly in the USSR and in Bulgaria. Following the record movement of 1963, shipments from the USSR probably will be the smallest in recent years, since seed production in 1963 was about 10 percent less than a year earlier. In recent years Russian sunflower oil has moved in increasing volume into the free markets of Western Europe, while shipments to Eastern Europe have been maintained.

Argentine exports of sunflower oil, which in calendar 1963 dropped sharply, should recover in 1964 to at least the 1962 level. Because of the generally favorable planting season and increased support prices, sunflowerseed production in 1964 probably will rebound significantly (barring unfavorable weather) from last year's reduced outturn.

World exports of rapeseed and oil, which declined rather substantially in 1963 from the 1962 record, are expected to increase somewhat in 1964. A gain in Canadian seed exports appears likely in view of the increased harvest of 1963 — up 75,000 tons.

Table 3.—VEGETABLE OILS AND OILSEEDS (oil equivalent) AND MARINE OILS: Exports from major foreign sources, 1958-1963, and changes forecast for 1964

Item	1958	1959	1960	1961	1962	1963 ^{1/}	1964 ^{2/} Change from 1963
	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons
<u>Cottonseed and cottonseed oil:</u>							
Sudan	10	32	19	26	41	34)
Nicaragua	12	13	5	7	12	13) -4
Nigeria	10	8	7	12	7	11)
<u>Peanuts and peanut oil:</u>							
Nigeria	294	296	214	291	328	400)
Senegal ^{3/}	276	264	247	268	263	242) +35
India ^{4/}	4	48	8	6	40	85)
Sudan	22	22	22	29	41	35)
Argentina	61	4	56	34	107	43)
<u>Soybeans and soybean oil:</u>							
China, Mainland	242	322	229	78	65	70)
Brazil	6	7	---	12	16	16	+19
<u>Sunflowerseed and sunflowerseed oil:</u>							
USSR ^{5/}	77	108	122	157	198	200) -30
Argentina	47	4	15	34	11	4)
<u>Rapeseed and rapeseed oil:</u>							
Canada	51	40	46	48	76	58)
France	32	30	9	16	42	30) +15
Sweden	39	27	18	8	26	25)
<u>Sesameseed and sesameseed oil:</u>							
Sudan	16	24	40	34	42	38) -8
Nigeria	6	10	15	11	13	11)
<u>Olive oil ^{6/}:</u>							
Spain	21	42	154	144	91	70)
Tunisia	44	78	27	49	62	32	+75
<u>Copra and coconut oil:</u>							
Philippines ^{7/}	707	583	763	762	800	912)
Indonesia ^{7/}	164	142	168	195	117	120	-50
Ceylon	70	108	83	142	166	125)
Papua-New Guinea	77	71	68	82	78	70)
<u>Palm kernels and palm kernel oil:</u>							
Nigeria	232	227	220	216	193	208) +15
Congo (Leopoldville)	84	88	69	62	56	35)
<u>Palm oil:</u>							
Nigeria	168	188	174	153	133	130)
Congo (Leopoldville)	181	205	186	170	167	150	+20
Malaya	89	87	107	105	115	125)
Indonesia	145	114	120	130	111	115)
<u>Flaxseed and linseed oil:</u>							
Argentina	178	240	207	262	301	240) +26
Canada	143	121	141	142	112	114)
<u>Castorbeans and castor oil:</u>							
Brazil	73	57	46	100	67	75)
India	23	40	64	25	29	45	0
Thailand	8	16	12	16	27	18)
<u>Whale oil ^{8/}:</u>							
Japan	113	120	116	127	143	138)
USSR	40	41	66	66	82	67	-18
Norway	137	140	116	126	95	35)
<u>Fish oil ^{9/}:</u>							
Peru	2	19	39	113	164	120)
Iceland	27	19	54	35	72	55	+50
South Africa, Republic of	18	27	37	51	50	40)

^{1/} Preliminary, partly estimated. ^{2/} Forecast. ^{3/} Includes Mali up to August 1960. ^{4/} Peanut oil only. ^{5/} Includes exports of "other edible vegetable oils" believed to be largely sunflowerseed oil. ^{6/} Gross exports. ^{7/} Includes estimates of unregistered exports. ^{8/} Production taken as exports. ^{9/} Including fish liver oil.

Despite favorable prices, the stronger export demand for Canadian wheat together with farmers' preference for growing that crop (which is competitive with rapeseed for use of land and resources) may prevent any significant increase in rapeseed acreage in 1964. In the absence of inclement weather, rapeseed exports from France and Sweden may show some gains in 1964, because of the increase in 1963 fall sowings.

Exportable supplies of sesameseed oil in 1964 will probably be slightly less than in 1963. The 1963-64 Sudanese crop was reportedly 8-10 percent below the previous year's crop.

World net exports of olive oil in 1964 are expected to increase sharply, reflecting prospects of a record outturn in the Mediterranean Basin in 1963-64. The main effect of an increase in olive oil production is restricted to producing countries, where it precipitates a price fall and increased consumption, which leads in turn to a decline in import demand for other soft vegetable oils. Spain is expected to have a near-record olive oil outturn; as a consequence, exports in 1964 should show substantial gains, pending some downward adjustment in prices. An increase in exports from Tunisia, Greece, and Turkey is considered likely because of the expectations of a larger outturn of olive oil.

Palm Oils

A probable decrease in copra and coconut oil exports will probably account for a decline in world trade of the palm oil group in 1964. Potential availabilities, however, may well be augmented by the increase in number of producing palms in the Philippines resulting from new plantings in the South, and replantings in the North during the early fifties. Rains have improved conditions for coconut production recently, and if this improvement continues through April, export supplies should recover in the latter half of 1964. Exportable supplies from Malayasia and Indonesia remain in doubt because of the political troubles in that area. Shipments from Ceylon are likely to be up, however.

Copra and coconut oil prices rose steadily in 1963, because of a reduction in supplies from some areas, notably Ceylon; early expectations of a decline in Philippine supplies; risks of supply disruption from Malaya-Singapore and Indonesia; and stock-replenishments in Western Europe.

The prices of palm kernels and oil followed those in the copra and coconut oil market in 1963. Palm kernel exports are expected to be slightly larger this year despite the likelihood of continued reduced movements from the Congo. Large supplies are expected from Nigeria as a result of the increase in producer prices of kernels (and palm oil) announced for 1964. Continued firmness in the market price is expected to induce collections in other African exporting countries. However, palm kernel oil shipments from the Congo are likely to be down, because of a reduction in the procurement of palm kernels. Palm oil exports are also expected to increase, with larger purchases from Nigeria and Malaysia offsetting a continued moderate decline in supplies from the Congo.

Industrial Oils

Flaxseed and linseed oil exports in calendar 1964 are expected to approximate 8 million bushels (75,000 tons, oil basis) more than in 1963, because of large carryin

stocks. World flaxseed production last year, at 128 million bushels, was almost 6 million less than a year earlier. Argentina's 1963-64 crop at 29.5 million bushels (first estimate) was down 3.5 million from last year, but exports from the 1962-63 crop were far below earlier expectations and in calendar 1963 probably were 60,000 short tons, oil basis, less than a year earlier. Consequently, a larger carryover of seed and/or oil in January 1964 probably will partially offset the reduced crop now being harvested and provide a supply for export this year approximating the 1963 tonnage expected. However, recent heavy rains, early in December, may have damaged the crop to such an extent that the second estimate may indicate a further reduction in output.

In 1963 Canada produced 21 million bushels of flaxseed compared with 16 million bushels in 1962. While total exports in 1963 slightly exceeded those of the previous year, the large outturn will provide additional exports of possibly 3 or 4 million bushels in 1964.

In the United States, 1963 production of flaxseed was slightly less than a year earlier, but carryin stocks on July 1, 1963 were large, and total supply exceeded that of the previous year by 11 percent and was largest since 1958. Consequently, exports in calendar 1964 may be up some 5 million bushels from 1963.

India's crop, to be harvested early in 1964, may exceed the reduced outturn of 1963. However, exports will continue to be relatively negligible because Indian prices continue to be above world prices.

Linseed oil prices held at relatively low levels throughout most of 1963, until indications early in the fall were that the USSR might be in the market for vegetable oils as well as wheat. Prices then jumped sharply and remained steady as China as well as Poland, Hungary and France began purchasing oil. Added to this were prospects of damage by heavy rains to the Argentine crop and consequently reduced availabilities from that country.

Availabilities of castorbeans and oil in 1964 are expected to continue large. Castorbean production in 1963 increased moderately from the previous year, mainly because of expansion in Brazil and the United States. In the absence of unfavorable weather, both India and Brazil, as well as minor producing countries, will continue to have sufficient exportable supplies to maintain exports at the 1963 level.

Marine Oils

World prices of marine oils continued to rise throughout 1963 because of reduced supplies from major producing countries. By late 1963 the price level of marine oils was comparable to that of other fats and oils. However, a moderate increase in fish oil availabilities is expected to ease the tight supply situation and may preclude any further price increase in 1964. A further reduction is anticipated in whale oil supplies this year.

Whale oil prices continued to strengthen following the poor 1962-63 Antarctic season and in November 1963 averaged \$225 per metric ton compared with \$116 per

ton in November 1962. With international catch restrictions down to 10,000 blue whale units, production in the 1963-64 season is expected to be at least 30,000 tons below last year's level.

The rate of expansion in world fish oil production was reversed in 1963, with production estimated at only 698,000 short tons, some 50,000 tons below 1962. Owing to reduced catches and/or low oil content of fish, production declined or stagnated in the major producing countries. Actual shipments, however, were maintained at the 1962 level, principally because of the sharp increase in United States exports resulting from stock depletion. The price of Peruvian semi-refined oil exceeded over \$200 per metric ton in December, compared with only \$88 per ton in December of 1962. Fish oil production is expected to recover in 1964, showing a moderate increase over the level of output attained in 1962.

RECENT DEVELOPMENTS ON U.S.-EEC TRADE

The Foreign Ministers of the EEC member countries have recently reached agreement on the basis for a common policy on fats-and-oils CAP. Final approval is expected by November 1, 1964.

U. S. participation in the European oilseed market, and more particularly that in EEC, has been of relatively recent origin, spanning a little more than one decade. Currently, the U. S. is the EEC's major supplier of oilbearing materials and protein-oil meal, and is a residual source as well, of vegetable oils. In the fiscal year 1963, U. S. exports of oilseeds and products, vegetable oils, and oilcakes and meals to the EEC were valued at \$228 million, or about one-third of U. S. exports of these commodities. This total consisted of soybean exports to the EEC valued at \$164 million, oilseed meals at \$54 million, and vegetable oils at \$10 million. The oil equivalent of U. S. soybean exports, in FY 1963, to the EEC was 310,000 metric tons of soybean oil.

If present trade and utilization trends are allowed to develop without undue distortion or restriction, it is expected that by 1970 the EEC countries will be importing from the U. S. more than double the 1960-61 level of \$175 million of oilseeds and by-products. Over one-third of total U. S. domestic production of oilseeds is exported, primarily as soybeans, and the Common Market is our most important market.

The EEC market presently requires an annual supply of about 4.5 million metric tons of fats and oils. Half of the requirements are met by domestic production of dairy fat (butter), other animal fats and marine oils, and olive oil (in Italy). Vegetable oils from domestic oilseeds are limited, mostly to rapeseed and some sunflowerseed oils. Fats and oils to meet half of that area's annual requirements are imported in the form of oilseeds, i.e., soybeans, peanuts, copra and other oil-bearing materials. The United States is the largest supplier of vegetable oils to the EEC, mostly in the form of soybeans. The former African colonies are a large supplier of peanuts, and palm oil, and Southeastern Asia is a major source of copra and of some palm oil.

Consumption of edible fats and oils is now quite high in the EEC countries, with further increases expected mostly from population growth. There is room for expansion of fats and oils use in Italy, and, to a lesser extent, France. However, this will probably be reflected in higher butter consumption as France, Germany, and the

Netherlands have extensive dairy support programs for their dairy farmers. The average price of butter in EEC is 85 cents a pound and of margarine 28 cents a pound, or a 3-to-1 ratio. Major differences from this price range are in Italy—88-cent butter and 55-cent margarine (heavily taxed)—and in the Netherlands—18-cent margarine and 55-cent butter. The Italian Government is supporting the 1963-64 olive oil crop at 47 cents a pound. In contrast, U. S. refined soybean oil, c. i. f. European ports, for use in margarine and shortening is priced at about 12 cents a pound.

All countries of the EEC have been importers of U. S. soybeans; however, West Germany and the Netherlands are our most important customers. Soybeans, which like meal have free access to the EEC, are imported primarily for their value as a source of balanced protein for use in animal feeding. The vegetable-oil portion of the soybean is utilized in the production of margarine, shortening, and select other food products. U. S. exports of soybeans to the member countries have shown a steady upward trend reflecting European prosperity, as shown in continued demand for high-protein poultry, livestock and dairy products. U. S. soybean meal, exported as meal, is preferred in some EEC countries, particularly France, to meal produced domestically from imported soybeans.

Except in years of severe oil crop difficulties, such as may be found in 1963-64, the U. S. is precluded from any significant participation in the vegetable-oil import requirements of the EEC. Small quantities of cottonseed oil continue to be imported from the U. S. for use in specialized items such as mayonnaise and high-quality hardened products. Discriminatory duties imposed upon vegetable oil imports from Third countries dictate that, with minor exceptions, U. S. vegetable oil exports to the EEC will continue to be mainly in the form of oil equivalent of oilseeds.

The proposed CAP on fats and oils, if not materially altered, would not significantly change trade patterns in oilseeds and by-products. However, there is strong pressure for internal levies on margarine, shortening, and edible oils at higher levels than those currently proposed, in order to change the price ratio between butter and margarine for the benefit of the former. Such a change could have a significant short-run effect upon EEC vegetable oil imports from normal suppliers such as Africa and, to a lesser extent, on the U. S. cottonseed oil exports to EEC. There would also be a longer-range impact on U. S. soybean exports.

The EEC Commission's proposed CAP on fats and oils recognizes a need to keep dairy policy, with its emphasis on the milk/butter problem, separate from that governing other fats and oils, particularly vegetable and marine. Agreement appears to have been reached on:

- (1) Maintaining oilseed production by direct financial support to producers. (France produces nearly 60 percent of the oilseeds, rape and sunflower, produced in the EEC; West Germany about 35 percent of the remainder, as rapeseed.)
- (2) Importation of oilseeds and oilmeal free of duty, bound by GATT.
- (3) Levy of an assessed contribution based on Member country's production of edible vegetable and marine fats and oils. The proposed levy now appears to range from 1.2¢ to 1.6¢ a pound, and is expected to provide \$85 million annually. Pro-

posals for a higher levy appear to have been rejected. West Germany and France would make the major financial contribution—West Germany alone would be expected to contribute about 40 percent of the total.

(4) Abolition of customs duties on oils imported into the Community from the Associated African States and Malagasy.^{1/} (France and Belgium maintain heavy financial commitments in former African possessions.)

(5) Financial aid to producers in Associated African States when world prices fall below an average basic price to be established, plus special measures to guarantee such products preference in Community markets.

(6) Protection of olive oil producers by

(a) A threshold price and levies on imports of olive oil.

(b) Intervention price and purchasing of olive oil offered at that price.

(c) A special subsidy enabling the Italian Government to improve production and marketing of olives and olive oil, and economic conditions in olive-producing areas.

(d) Disposal of any olive oil surplus resulting from the gradual alignment of seed-oil prices under the proposed CAP.

(e) Financing of this policy by levies on the products listed under (3) above.

Some EEC member country agricultural representatives believe the present proposal does not appear to embrace sufficient safeguards for the proposed dairy CAP and thus may not gain acceptance unless modified. Italy and France favor major modifications in the form of additional protection for butter; West Germany, an area of declining per capita butter consumption, may support such a proposal; the Netherlands supports direct payments from a common fund without taxation on margarine, etc.

U. S. exports of vegetable oilseeds and by-products to the EEC are expected to increase, despite some restrictive conditions in the present proposal. Exports of soybeans and soybean meal appear likely to benefit most; vegetable oil exports will probably continue to decline because of preferential treatment afforded competitive products from the African areas.

Present proposals for maintaining olive oil prices may prove a limitation on U. S. soybean oil exports to Spain. If the variable import levy and other price support features result in reducing Italy's imports of Spanish olive oil, the result could be a reduction in U. S. soybean oil exports to Spain—our major dollar market—frequently used in substitution.

^{1/} Associated African and Malagasy countries include: Cameroun, Republic of Central Africa, Ivory Coast, Madagascar, Senegal, Tchad, Togo, Congo, (Brazzaville), Dahomey, Gabon, Upper Volta, Mali, Niger, Mauritania, Congo (Leopoldville), Somali, Burundi, Ruanda.

Table 4. -IMPORT TARIFFS ON SPECIFIC OILSEEDS AND OILSEED PRODUCTS: By Common Market countries,
January 1, 1961 and July 1, 1963; and EEC Common External Tariff

Item	External tariffs of Common Market countries										EEC Common External Tariff 3/	
	January 1, 1961					July 1, 1963 1/						
	Germany, W.	Benelux	France	Italy	Germany, W.	Benelux	France	Italy 2/	Percent	Percent		
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Ad Valorem	Ad Valorem	Percent	
	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	Ad Valorem	
For Food Use:												
Soybean oil, crude	5.0	5.0	16.2	25.0	6.5	6.5	15.6	18.4	4/	10.0		
Cottonseed oil, crude	5.0	5.0	16.2	25.0	6.5	6.5	15.6	18.4	4/	10.0		
Soybean oil, refined	10.0	10.0	16.2	25.0	11.5	11.5	16.2	19.8	4/	15.0		
Cottonseed oil, refined	10.0	10.0	16.2	25.0	11.5	11.5	16.2	19.8	4/	15.0		
For Industrial Use:												
Linseed oil, crude	free	5.0	5/13.5	6.0	6/1.5	5.0	1.5	5.1			5.0	
Linseed oil, refined	12.0	10.9	16.2	6.0	6/10.8	9.4	3.0	6.6			8.0	
Soybeans	free	free	5/4.5	free	free	free	free	free				
Flaxseed	free	free	5/7.2	free	free	free	free	free				
Soybean meal	free	free	5/7.2	free	free	free	free	free				
Other oilseed meals	free	free	5/7.2	free	free	free	free	free				

1/ Rates in effect since January 1, 1962. 2/Effective August 26, 1962. Reflects an additional 10 percent cut from the January 1, 1962, reduction.
3/Proposed to be effective January 1, 1970. 4/For industrial use, soybean and cottonseed oils carry 5 percent tariff (crude) and 10 percent tariff (refined). 5/Suspended. 6/Rendered inedible under customs supervision or imported under customs supervision.

Domestic price-support levels for oilseeds, in the long run, are likely to be set at the current West German level, or below it. A price support, i.e., deficiency payment at the West German level would act as a production incentive to oilseed producers in other Member countries with lower price supports.

France maintains a price-support program for oilseeds, namely rapeseed, sunflower and poppyseed. Support prices of soybeans and other oilseeds have been abolished. The following prices were paid to farmers in 1962 at Government warehouses:

	<u>\$U. S. per M. T.</u>
Rapeseed	155.38
Sunflowerseed	109.88
Poppyseed	67.85

West German's support system for rapeseed was enacted in 1952-53. Rapeseed production is concentrated in the Schleswig-Holstein area which produces 60 percent of the crop. Southern Hannover and North Rhine-Westphalia produce about 24 percent. The fixed producer price in 1962 and 1963 was \$165.00 per M. T. The producer price is supported by funds from the federal budget.

The Italian Government has maintained an effective program in support of domestic olive oil prices. As a net importer of olive oil, and a substantial consumer of other soft oils, Italy's internal market for olive oil has to be insulated from fluctuations in production, and in prices, of foreign olive oil.

Although prices are not directly controlled, indirect price support measures, especially in the years of abundant harvests, are instigated to prevent pressure of storage costs for excess supplies, in the form of special arrangements for loans to be made on stored olive oil at reduced interest rates, and adjustment of the rate of import duty on imported olive oil. In addition, internal taxes on manufacture of competing oils; licensing of imports of other fats, oils, and oilseeds, and management of considerable government stocks of oils and oilseeds have all been in line with a policy of preventing wide fluctuations in olive oil prices.

OUTLOOK FOR U.S. EXPORTS

U. S. commercial export sales of \$708 million of oilseeds and oilseed products in the October 1962-September 1963 period returned more dollars to this country than those of any other agricultural product group. Including exports under government programs, the total export value of oilseeds and products in this period reached \$818 million. A total export value in excess of \$900 million is expected in the 1963-64 marketing year.

Soybeans: U. S. exports of soybeans in the 1963-64 marketing year are expected to reach a new high of 190 million bushels, compared with the previous record of 180 million bushels a year earlier, all as dollar sales. During the October-December period of 1963, soybean exports were down from a year earlier, but by January had moved ahead. A larger export movement will be curtailed by a limited U. S. soybean

Table 5.—SOYBEANS, OILCAKES AND MEALS, AND VEGETABLE OILS: U. S. exports by country of destination, marketing year beginning October 1, 1961-63

Destination	Soybeans			Oilcake and Meal 1/			Vegetable Oils 2/		
	1961	1962 3/	1963 4/	1961	1962 3/	1963 4/	1961	1962 3/	1963 4/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 short tons	1,000 short tons	1,000 short tons	1,000 pounds	1,000 pounds	1,000 pounds
<u>Western Europe</u>									
Belgium-Luxembourg	5,784	5,025	---	87.1	102.9	---	5/	5/	---
Denmark	9,326	12,285	---	92.3	134.5	---	5/	5/	---
France	3,111	2,862	---	169.0	219.5	---	.1	5/	---
Germany, West	19,242	22,605	---	123.2	135.8	---	97.2	50.9	---
Greece	---	---	---	5.0	4.9	---	---	39.4	---
Italy	11,419	12,128	---	4.8	123.6	---	.5	.2	---
Netherlands	21,877	20,912	---	188.4	242.3	---	23.9	40.8	---
Spain	1	833	---	27.9	197.4	---	399.7	290.8	---
United Kingdom	4,257	6,289	---	14.2	6.4	---	3.4	.2	---
Others	3,048	5,601	---	60.5	81.7	---	2.5	8.5	---
Total	78,065	88,540	96,000	772.4	1,249.0	1,300	527.3	430.8	320
<u>Eastern Europe</u>									
Poland	179	---	---	2.2	---	---	68.5	2.2	---
Yugoslavia	---	4	---	22.5	39.9	---	90.1	64.8	---
Others	539	922	---	.6	9.4	---	1.3	---	---
Total	718	926	4,000	25.3	49.3	50	159.9	67.0	200
<u>Canada</u>	25,292	26,759	28,000	253.3	267.4	275	46.0	56.6	65
<u>Central America & Caribbean</u>									
Haiti	---	---	---	---	---	---	10.0	10.4	---
Mexico	126	33	---	14.8	8.5	---	8.4	.5	---
Others	---	---	---	9.8	8.9	---	2.5	2.6	---
Total	126	33	---	24.6	17.4	25	20.9	13.5	15
<u>South America</u>									
Chile	---	6/	---	---	---	---	35.1	34.2	---
Colombia	---	---	---	7/	---	---	17.2	7.3	---
Ecuador	---	6/	---	---	---	---	5.5	6.1	---
Peru	---	---	---	---	---	---	36.1	.4	---
Venezuela	574	840	---	11.8	12.7	---	18.0	20.6	---
Others	1	4	---	.8	1.2	---	1.0	2.6	---
Total	575	844	1,000	12.6	13.9	20	112.9	71.2	120
<u>Africa</u>									
Algeria	---	---	---	---	---	---	3.5	28.6	---
Egypt	---	---	---	---	---	---	132.7	67.5	---
Morocco	444	452	---	---	---	---	32.6	91.6	---
Tunisia	---	---	---	---	---	---	---	56.0	---
Others	---	---	---	.2	.2	---	5.9	19.0	---
Total	444	452	1,000	.2	.2	---	174.7	262.7	285
<u>Asia and Oceania</u>									
Hong Kong	156	320	---	.4	.6	---	52.7	36.0	---
Iran	---	6/	---	---	---	---	37.4	68.9	---
Israel	5,760	6,411	---	---	---	---	45.1	65.7	---
Japan	38,747	43,710	---	6.5	7.9	---	4.6	14.4	---
Pakistan	---	---	---	---	---	---	200.8	204.5	---
Philippines	42	302	---	15.0	6.1	---	1.6	1.0	---
Taiwan (China)	2,181	6,184	---	---	.2	---	7.5	1.4	---
Turkey	---	---	---	---	---	---	---	---	---
Others	1,048	866	---	7.6	12.3	---	10.9	24.8	---
Total	47,934	62,793	60,000	29.5	27.1	30	472.9	551.8	730
Total countries Titles II and III, PL 480	153,154	180,347	8/190,000	1,117.9	1,624.3	1,700	1,514.6	1,453.6	1,735
Grand Total	153,154	180,347	8/190,000	1,117.9	1,624.3	1,700	1,779.6	1,560.6	1,835

1/ Includes soybean, cottonseed, linseed, and small quantities of other cakes and meals.

2/ Includes soybean and cottonseed oils. Excludes estimates of Title II and Title III exports not reported by Census Bureau.

3/ Preliminary.

4/ Estimated.

5/ Less than 50,000 pounds.

6/ Less than 500 bushels.

7/ Less than 50 short tons.

8/ Reflects final 1963 U. S. soybean crop report.

supply, at prices well above the 1962-63 average farm price of \$2.34 a bushel. The 1963 soybean crop support price of \$2.25 a bushel is the same as a year earlier.

About one out of every four bushels of the 1963 soybean crop is expected to move into export, mostly to the important U. S. dollar markets of Western Europe, Japan and Canada. In these areas, rising consumer incomes have expanded the demand for poultry and other livestock food products. Much of the need for high-protein animal feeds is being met with imports of U. S. soybeans. The soybean, with high meal content of good quality, has a competitive advantage over other oilseeds with a lower meal yield per bushel, and lower feeding quality, particularly for poultry and swine feeding.

As in earlier years, Western Europe will take about half of the soybeans exported from the U. S. in 1963-64, with the EEC 6 Member countries accounting for most of this area's imports. European demand for soybean meal is supported by a rapidly expanding broiler industry, such as that of the United States in the past decade. High feed grain prices resulting from Common Market policies have increased the competitive position of soybean meal in these countries. U. S. soybean export prospects to Western Europe in the current marketing year are also favorable for edible oil. European vegetable oil stocks were reduced in 1963, and domestic oilseed production was down considerably from a year earlier.

Reduced availability of USSR sunflowerseed and rapeseed oil in Eastern Europe appear to favor increased exports of U. S. soybeans and products in 1964. East Germany and Czechoslovakia, particularly, obtain U. S. soybeans, oil, and meal by way of Western Europe, and also by limited imports directly from the United States. Hungary, Czechoslovakia, East Germany, and Poland have initiated purchases of U. S. soybeans in recent months; Bulgaria has purchased U. S. soybean meal.

Trends of soybean exports from Communist China have continued downward; however, in the current marketing year a slight increase is expected. Since 1960, Communist China's exports of soybeans have been limited mostly to Japan, also the largest foreign market for U. S. soybeans. Japan placed imports of soybeans in an automatic approval category in 1961, and current plans are to abolish the 13 percent duty rate by October 1964. The expanded use of soybean meal and oil in Japan will require larger imports of U. S. soybeans, which will be limited only by availability of Communist China's soybeans.

Soybean and Cottonseed Oils: U. S. exports of soybean and cotton seed oils in 1963-64 are estimated at 1,835 million pounds compared with 1,561 million last year and the previous record of nearly 1,780 million attained in 1961-62.

Exports of the two oils for dollars and for government programs each are expected to increase in the current marketing year. Vegetable oil exports for dollars, as in 1962-63, are expected to account for about 40 percent of total exports. The expected increase in oil exports for dollars reflects larger sales to established U. S. markets and exports to Public Law 480 (P. L. 480) program countries which are required to maintain or expand regular commercial imports. The existence of reduced edible oil stocks in Western Europe, excluding Mediterranean olive oil, favors U. S. oil exports to this area in 1963-64. Traditionally a dollar market for U. S. cottonseed oil, these

Table 6.—Prices of selected oils and soybeans, c.i.f. European ports, 1955-63

Period	Soybean oil, American crude, bulk	Cottonseed oil, American bulk BPSY	Peanut oil, Br. W. African crude, bulk	Coconut oil, Straits 3 1/2%, bulk	Linseed oil, Argentine bulk	Soybeans, American No. 2 yellow, bulk	Soybeans, Chinese yellow, bulk
	U. S. cents per pound	U. S. cents per pound	U. S. cents per pound	U. S. cents per pound	U. S. cents per pound	U. S. dollars per bushel	U. S. dollars per bushel
1955 . . .	13.3	12.9	13.1	11.5	11.2	3.03	3.13
1956 . . .	15.4	16.6	16.7	11.5	14.9	3.14	3.10
1957 . . .	13.9	15.9	16.5	11.7	12.2	2.88	-
1958 . . .	11.8	1/13.2	12.6	13.7	12.0	2.57	2.48
1959 . . .	10.5	11.6	13.7	16.8	11.2	2.55	2.49
1960 . . .	10.1	10.7	14.8	13.6	11.5	2.50	2.46
1961 . . .	13.0	14.7	2/14.9	10.8	12.7	3.00	1/2.77
1962 . . .	10.3	-	12.5	10.3	11.5	2.74	3/2.70
1963 . . .	10.1	-	12.2	3/12.3	9.7	3.00	-
1962-63 . .							
Oct. -Dec.	9.8	-	11.4	10.5	10.2	2.72	4/2.71
Jan. -Mar.	10.4	-	11.9	11.8	9.8	2.96	-
Apr. -June	10.4	-	12.1	-	9.8	2.95	-
July-Sept.	9.6	-	12.2	12.4	9.3	2.94	-
1963 . . .							
October .	5/10.2	-	12.5	-	9.5	3.14	-
November	6/10.0	-	12.5	13.2	9.7	3.17	-
December	5/ 9.9	-	12.4	-	10.1	3.15	-

1/Six-month average. 2/Beginning 1961, Nigerian. 3/Four-month average.

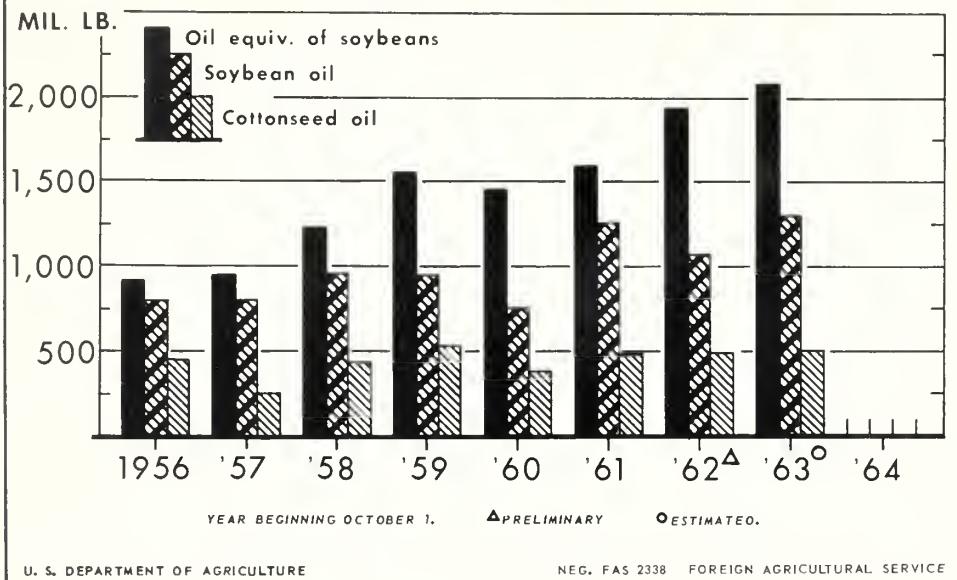
4/Two-month average. 5/One-week only. 6/Three-week average.

countries are likely to import some soybean oil in addition to their usual imports of oil in the form of U. S. soybeans.

These prospects for larger U. S. dollar exports of vegetable oil will more than offset reduced exports to Mediterranean olive oil producing countries, particularly Spain. Preliminary reports indicate record, or near-record, olive crops were produced in Spain, Greece, and Italy in 1963.

Vegetable-oil sales for foreign currencies under Title I of Public Law 480 are expected to expand to 850 million pounds in 1963-64, because of increased consumption requirements, rising per-capita income, new markets, and improved handling and storage facilities. U. S. vegetable oil exports under Title IV, P. L. 480, should show a sharp increase to about 100 million pounds in 1963-64, from about 15 million pounds in 1962-63, primarily the result of additional countries becoming eligible for government-to-government programming and of a somewhat broader program.

U. S EDIBLE VEGETABLE OIL EXPORTS



During 1963, U. S. soybean oil won consumer acceptance as a liquid salad oil in Turkey and Tunisia. In 1964, prospects for new P. L. 480 marketings of U. S. soybean and cottonseed oils seem to be developing in Indonesia, the Ryukyus, and several other countries. India remains a possibility for a vegetable-oil program in the current marketing year. Increased exports of vegetable oil in established program countries, e.g., Poland, Yugoslavia, the United Arab Republic (Egypt), Turkey, Pakistan, Morocco, Peru, Colombia, and Bolivia are in prospect.

Oilseed Meals: Exports of U. S. oilseed meals in 1963-64 are expected to approximate 1.7 million tons, exceeding the record level of the year earlier.

Foreign meal requirements will be moderated to some extent by good hay and feed grain crops in most Western European countries. In 1963-64, this area will probably favor increased meal imports in the form of soybeans, because of greater edible oil needs. U. S. soybean meal exports to Spain this year are not expected to increase over the 200,000 short tons of 1962-63, which was about a 6-fold increase from a year earlier. Several new soybean processing plants are expected to begin operations in 1964 to supply meal for a rapidly expanding poultry industry. The outturn of oil from imported soybeans will also moderate Spain's need to import edible vegetable oil from the U. S. and other sources.

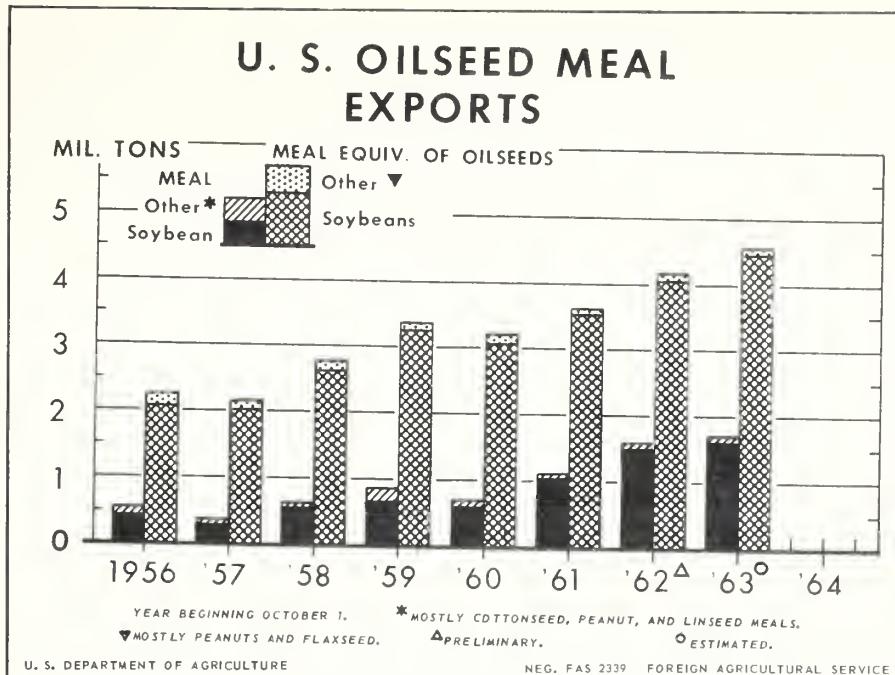
A growing livestock industry has prompted Japan to authorize limited imports of soybean meal in recent months. Indications from Japan are that soybean meal imports will be placed on their automatic approval list in October 1964, and the 5 percent ad valorum duty will be abolished.

Table 7.—SOYBEAN AND COTTONSEED OILS: United States exports, dollar sales and Food for Peace programs, year beginning October 1, 1961-62, 1962-63 and forecast 1963-64

Exports	1961-62 1/			1962-63 2/			Forecast 1963-64		
	Soybean oil	Cotton-seed oil	Total	Soybean oil	Cotton-seed oil	Total	Soybean oil	Cotton-seed oil	Total
Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
For dollars	622	182	804	520	207	727	435	300	735
Under Public Law 480:									
Title I	467	204	671	530	130	660	---	---	1,000
Title IV	21	---	21	15	---	15	---	---	---
Title II	14	5	19	43	19	62	---	---	100
Title III	184	81	265	68	29	97	---	---	---
Total P. L. 480	686	285	976	656	178	834	870	230	1,100
Grand Total	1,308	471	1,780	1,176	385	1,561	1,305	530	1,835

1/ Partly estimated.

2/ Preliminary and partly estimated.



COOPERATING WITH U. S. INDUSTRY IN DEVELOPING WORLD MARKETS

The U.S. Government, in cooperation with organizations representing U.S. producers and the fats and oils trade, has during recent years successfully developed and expanded cash markets for U.S. oilseeds and oilseed products. These markets have been concentrated particularly in Western Europe and Japan. Special emphasis is now being given to similarly increasing foreign markets for U.S. vegetable oils, on a permanent basis, in other areas as well. One outstanding cooperative action now being taken is consumer promotion activity bringing users abroad improved quality U. S. vegetable oils in retail packages. Another is technical help in bulk handling, storage, and distribution of U. S. vegetable oils so that consumers abroad can better understand the nutritional value of U. S. vegetable oils and oilseed products. These activities are particularly directed to countries where per capita fat consumption is below the levels of international standard nutritional requirements. Particular successes have been scored in Spain and Iran, where cash markets have been developed. In Turkey, Morocco, Pakistan, and other countries where Food For Peace programs are available, notable increases in the consumption of fats and oils have taken place. Increases in the consumption of fats and oils have taken place.

During 1963, market promotion projects in cooperation with U.S. trade groups have been continued. One additional commodity group has undertaken to explore foreign market possibilities. Market development projects in cooperation with the Soybean Council of America, Inc., Waterloo, Iowa, have been continued and strengthened in Belgium, Colombia, France, Egypt, West Germany, Greece, India, Iran, Israel, Italy, Pakistan, Peru, Spain, Turkey, and the United Kingdom. Limited operations

Table 8.—Prices of selected meals, c. i. f. European ports and U. S. soybean meal
Decatur, 1955-63

Period	c.i.f., European ports				Decatur
	Peanut meal, Nigerian 56%, bagged	Linseed meal, Argentine, 39%, bagged	Fish meal, Peruvian, 65%, bagged	Soybean meal, Canadian, 45%, bagged	Soybean meal, 44%, bulk unrestricted
	U. S. dol. per short ton	U. S. dol. per short ton	U. S. dol. per short ton	U. S. dol. per short ton	U. S. dol. per short ton
1955	101.89	94.75	---	92.73	56.87
1956	99.40	95.48	---	89.41	51.29
1957	90.08	77.57	---	81.63	47.06
1958	78.97	68.36	---	85.08	55.96
1959	91.67	88.38	1/124.59	85.78	56.45
1960	88.87	79.52	93.80	82.17	53.13
1961	84.01	77.50	111.22	90.40	63.15
1962	92.69	86.22	2/123.95	95.94	66.45
1963	96.49	91.90	2/120.93	102.35	72.53
1962-63					
Oct. -Dec. .	97.46	94.95	124.01	101.53	70.20
Jan. -Mar. .	98.98	91.57	121.59	102.20	71.93
April-June .	92.63	86.15	118.54	98.09	68.93
July-Sept. .	96.49	93.27	3/118.75	100.32	74.13
1963					
October . . .	97.22	98.12	120.48	105.40	73.50
November .	98.80	96.67	121.84	111.25	74.90
December .	97.50	95.07	129.55	109.75	4/77.00

1/ December 1959.

2/ Eleven-month average.

3/ Two-month average.

4/ Preliminary.

are now being conducted in 28 other countries, and the program is being strengthened. The cooperative project with the American Soybean Association, operating in Japan, has been broadened to allow for an increase in promotion activities on soybean meal. The U.S. peanut industry has become interested in the possibility of developing foreign markets for peanuts and peanut products, and initial steps are being taken.

Promotion of Soybeans and Soybean Products

With the help of the agricultural attache, a promising program has been developed in Belgium and Luxembourg, aimed at improving animal feeding techniques and nutrition. The objective is to realize increased consumption of soybean meal. This program combines efforts of the U.S. Soybean Council and other U.S. trade groups, on the one hand, with the Belgian Ministry of Agriculture and with the Farmer's Central Payasanne in Luxembourg, on the other. Animal feeding trials and pilot farm studies conducted under this cooperative program are demonstrating to farmers the practical value of balanced high protein feeds. This program promises to develop larger markets for U.S. soybeans and soybean meal in Central Europe, as well as for U.S. feed grains and fats.

Market promotion activities concerning soybean oil are being stepped up in Colombia, and cooperative efforts to market soybean oil, identified as such, are being carried out effectively. Soybean oil has been successfully promoted by demonstrating fried "chicken-on-the-stick" at the LAFTA Trade Fair, Bogota, and the Second National Poultry Congress. U.S. soybean meal was also effectively presented and its use demonstrated at this Congress, as well as at several agricultural Fairs in Colombia this year.

In France, the demand for U.S. soybean meal has been stepped up spectacularly. Eighteen French feed company officials interested in soybean meal visited the U.S. during the year. U.S. participation in the Paris Agricultural Fair in March 1963 provided an effective means of distributing educational and technical materials on use of soybean products, particularly soybean meal, to 7,000 feed technicians and animal breeders who attended.

More efficient marketing of soybean oil has been investigated in Egypt. The Soybean Council and the U.A.R. Ministry of Supply have developed a storage program for imported fats and oils. The program is also aimed at increasing and improving capacity for the storage, refining, hydrogenation, packaging, and distribution of soybean oil. This would make possible additional importation of U.S. soybean and cottonseed oils in years when domestic supplies may be down.

West Germany is our second largest market for soybeans and a growing market for soybean meal, as well. Aided by cooperation developed between the Soybean Council and the German Oil Millers' Association in promoting use of soybean meal in balanced livestock feeding, the market for U.S. soybeans can be expected to increase. A German feed team visited the U.S. in September 1963, to study our uses of soybean meal. Soybean oil was successfully promoted at the Berlin "Green Week" Food Fair and the IKOFA Food Fair in Munich, where French Fried potatoes were prepared in soybean oil and distributed to over 25,000 visitors. A film illustrating the use of soybean meal in animal nutrition, "To Be On the Ball," has helped to convince many

farmers and animal husbandry people that soybean meal can be used efficiently in balanced feeds. Emphasis is on quality of meal produced in Germany.

In Greece, soybean meal is being promoted jointly with the U.S. Feed Grains Council, and cooperation with the Greek Ministry of Agriculture has been developed to show proper poultry feeding.

In India, a survey and an analysis of the vegetable oil processing (vanaspati) and handling facilities have been completed and will prove invaluable in the event U.S. soybean oil is moved into that country during the coming year. Technical assistance in processing soybean oil for vanaspati has been provided and should aid in extending the market for U.S. soybean oil to India.

Iran has been developed in a few years into a large dollar market for U.S. soybean and cottonseed oil. This country imported 36.3 million pounds of U.S. soybean oils in the marketing year 1962-63. The Soybean Council has helped develop this market by providing technical help regarding oil processing, port handling facilities, and movement of oil to processing plants. The Council has also undertaken consumer promotion activities, including cooking classes and demonstrations, and has developed and shown a film on advantages of using more vegetable oils in human consumption.

In 1963, soybean oil and protein promotion was carried out in Israel, mainly through demonstrations. Many soybean oil and soybean-protein cooking recipes were developed, demonstrated, and distributed throughout Israel.

Italy's crushing of U.S. soybeans has been tripled in the past two years. Continued expansion can be expected, as a result of the Soybean Council's technical assistance and U.S. industry's investment in the Italian industry. Activities in soybean oil and soybean meal promotion were particularly successful at the Bologna 18th International Food Fair in 1963, and other Fairs at Palermo, Varese and Verona. Marketing of labeled soybean oil is being developed.

The Soybean Council of America is actively imparting U.S. know-how on soybean oil refining, hydrogenating, and processing to Pakistan, and excellent results are indicated in the industry's and government's larger requests for soybean and cottonseed oil from the U.S. Bulk storage facilities for vegetable oil are expected to be available in Karachi, by early 1964.

Soybean oil use was effectively promoted in Peru at the Third International Pacific Fair at Lima, in October-November 1963, with demonstrations involving French Fried potatoes. In addition, a consumer market analysis was made in cooperation with the Peruvian Oil Millers' Committee to determine market potential for soybean oil. Soybean meal use for poultry feed is being actively promoted, and initial imports of high protein soybean meal have been made. U.S. soybean meal is being used in poultry feeds along with the fishmeal that is produced at world record levels in Peru.

In Spain, promotion of U.S. soybean meal has been another outstanding accomplishment of the Soybean Council of America. The Council has contributed to recent market growth by publishing its magazine "Nutrition," by developing proper animal

feed programs, and by conducting seminars on this subject. During 1963, a seminar was conducted at Jerez de la Frontera, entitled "5th Week of Studies of Animal Nutrition," which very successfully attracted feed technicians. The Council's work with the 4-H Clubs, promoting correct hog and poultry broiler feeding, has also aided the soybean meal market. The Council is now actively expanding its cooperative work with distributors and packers of U. S. soybean oil, to insure that consumers receive quality soybean oil. Consumer promotion and marketing activities for soybean oil are being increased during 1964.

During 1963, for the first time, liquid soybean oil identified in consumer packages was successfully introduced to the Turkish housewife. The demand for U. S. oil is increasing. A permanent market in Turkey is being developed for the future, by an expanded Soybean Council market promotion campaign. Also, technical advice provided by the Council, on feasibility and economy of using bulk terminals, should provide for increased marketings of U. S. soybean oil in 1964.

In the United Kingdom, crushing of U. S. soybeans is increasing each year. The use of soybean meal in animal feeds was successfully promoted at the Spring Food Show at the U. S. Trade Center in London, and at Belfast and Liverpool. Feeding values in properly processed soybean meal were stressed for quality livestock and poultry production. Soybean oil and protein were actively promoted at Food Fairs in London, Blackpool, Cardiff, Edinburgh, and Portsmouth during 1963.

The International Operations Office of the Soybean Council in Rome, Italy, has been active in many of the 28 countries where only limited market operations facilities are provided. Technical and market promotion activities were widespread during 1963. A major activity was the Council's participation in the U. S. Food and Agricultural Exhibit at Amsterdam, November 7-24, 1963, where U. S. soybeans, oil and other products were shown. Soybean oil was promoted for frying foods in the home, by handing out samples of French Fried potatoes, doughnuts, and other pastries prepared with soybean oil.

For the first time, during the year, U. S. soybeans and soybean products were effectively promoted in Southeast Asia at Singapore, at the Happy World Trade Fair in July and August.

The Council participated in the Cyprus International Fair at Limassol and demonstrated the use of soybean oil in cooking typical food dishes.

In Ireland, the Council joined with the U. S. Feed Grains Council in sponsoring feeding trials for beef cattle in cooperation with University College, Dublin. The Council also sent its oil technician to help improve the industry's soybean oil refining operations.

The valuable cash market for U. S. soybean oil at Hong Kong is being carefully watched to insure that our soybean oil continues to move to that area.

A study is being made of effects of the Latin America Free Trade Association on U. S. soybean, meal, oil, and other soybean product markets. Promotional activities will be stepped up in this area during 1964. Educational and technical materials on soybeans and soybean oil and other products are being sent to contacts in non-office countries including Chile, Ecuador, Haiti, Mexico, and Venezuela.

During the year, the Council published its first addition of its Arabic magazine dealing with both animal and human nutrition and promoting soybean oil and soybean meal. The magazine was printed in Lebanon for distribution to all Arabic-speaking countries.

The Council participated in two agricultural fairs in North Africa during the year and provided a technician in Tunisia. Soybean oil was promoted at the Fair on Agriculture, Commerce and Industry in Morocco, and the Agricultural Fair in Tunisia.

In Norway, deep-fat frying of poultry in soybean oil was an effective means used for promotion in the floating fair. That country is now importing larger quantities of soybeans for crushing to meet meal requirements.

In Portugal, the Council participated, in cooperation with a Lisbon feed manufacturer, in livestock fairs at Santarem and Evora with an effective promotion of U. S. soybean meal.

The American Soybean Association, through the Japanese-American Soybean Institute (JASI) has continued its effective market development activities to promote U.S. soybeans in the largest U. S. market, Japan. The JASI has increased its efforts to promote properly processed toasted soybean meal, and U. S. technicians have provided effective lectures and information at the Trade Center in Tokyo, on the value of quality soybean meal and advantages in using it. Success of these efforts can be seen in the fact that one Japanese crusher has adopted U. S. methods for toasting soybean meal, and several additional crushers have revealed plans for installing this equipment. Promotion of soybean oil will be stepped up during 1964, and increased consumption of edible fats and oils is expected.

The great new demand for soybeans in Japan is in the form of soybean meal. Livestock and poultry feeding are rapidly increasing.

U. S. soybeans are being marketed in larger quantities on a variety preserved basis for use in the Japanese soy food industry where they are effectively competing with domestic and Chinese beans. U. S. quality soybeans have a higher oil content and bring greater returns to the Japanese crushers.

Technical Services

During 1963, arrangements were made for foreign visits by about 40 U. S. technicians and specialists. They assisted foreign industry in problems covering a wide range, from processing of U. S. soybeans and their products to distribution (including refining, hydrogenation, storage and marketing).

The Soybean Council of America added to its staff an oil technician who has traveled to many countries in answer to the numerous requests for technical help. This work has been particularly successful in the Middle East, Ireland, and North Africa. During the second half of the year, this work has been continued in Pakistan, South America, and other countries. Within the processing plants, the Council provides direct technical assistance at the "shirt-sleeve" level, for the foreign technicians in

charge. Work has been rewarding on the technical handling of soybean oils in vanaspati plants. The Council has also had available the service of a protein technologist who has aided many countries in solving animal nutrition problems and in organizing feeding demonstrations dealing with soybean meal use.

Marketing Surveys of Special Interest

A pilot study is being undertaken to test nutritive advantages, and feasibility, of using soy grits as a supplement in child feeding operations. This would affect activities of voluntary agencies overseas in six countries. The U. S. Department of Agriculture will supply a limited quantity of 50-percent-protein, defatted, toasted, soy grits for use in child feeding programs of voluntary agencies in Bolivia, Colombia, Burundi, Turkey, Philippines, and Nigeria. The program will be administered by the Agency for International Development. The U. S. industry will participate through the Soybean Council of America, Inc.

The project is intended to demonstrate the benefits to health through improved protein nutrition and to indicate the market potential for similar products.

The U. S. peanut industry has developed an interest, during the year, in building foreign markets for peanuts and peanut products. A three-phase program has been developed, in cooperation with the industry, to test the Western European potential for U. S. peanuts and products, such as peanut butter, salted and roasted peanuts, and others. First, the industry actively participated in the U. S. Food and Agriculture Exhibition at Amsterdam, the Netherlands, November 7-24, 1963. Here contact was made with European users and distributors. Second, after the fair, the Fair Committee reported the findings to the U. S. industry. Based upon the potential market indicated, the third step will be to survey, early in 1964, individual country markets in Western Europe, and to determine what should be done to establish or increase a market in each.

During 1963, the Division completed its analysis of the Western European soybean and soybean meal market and received favorable comment from the trade on its publication, "Western Europe, A Growing Market for U. S. Soybeans and Soybean Meal." The publication showed a large and growing demand for U. S. soybeans and soybean meal in that area. It was indicated that this market for U. S. soybeans—including bean equivalent of soybean meal imports—may increase from 130 million bushels in 1962 to over 200 million bushels in 1965. This market has grown in less than a decade from a small and irregular one to a large and stable market taking around 2.5 million tons of soybeans and 800 thousand tons of soybean meal per year.

Additional country market analysis studies will be made in South America and possibly Central America, North Africa, and Southeast Asia during 1964. These analyses supply the U. S. trade with useful information about foreign markets for U. S. soybean oil and other soybean products. The purpose is to stimulate interest and activity of the U. S. trade in these markets, and to afford a basis for cooperative market development operations.

RECENT PUBLICATIONS

FAS-M Series

Western Europe, A Growing Market for U. S. Soybeans and Soybean Meal, FAS-M-153, October 1963.

Circulars

World Peanut Production at All-Time High, September 1963 (FFO 6-63).

U. S. Exports of Soybeans and Cakes and Meals Maintain Record Rates; Edible Oils Down, September 1963 (FFO 7-63).

World Exports and Production of Oilseeds, Oils, and Fats at Record High, October 1963 (FFO 8-63).

World Sunflowerseed Production Expected to Decline in 1963 from 1962 Record, December 1963 (FFO 9-63).

U. S. Exports of Soybeans and Cakes and Meals Set Records in 1962-63; Edible Oils Decline, December 1963 (FFO 10-63).

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